

Name of Committee: Town-School Partnership Committee

Meeting Date: December 10, 2013

Time: 11:00 a.m.

Meeting Location: Town Hall, Selectmen's Conference Room

Members Present:

Attendees indicated by x

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| Betsy DeWitt, Board of Selectmen Chair | x | Mel Kleckner, Town Administrator | x |
| Nancy Daly, Board of Selectmen | x | Bill Lupini, School Superintendent | x |
| Alan Morse, School Committee Chair | x | Harry Bohrs, Advisory Committee, Chair | x |
| Amy Kershaw, School Committee | | Len Weiss, Advisory Committee | x |

Staff Present: Peter Rowe, Deputy School Superintendent; Sean Cronin, Deputy Town Administrator; Melissa Goff, Assistant Town Administrator; Stephen Cirillo, Finance Director; Michael D'Onofrio, Director of Administrative Services (School Dept.)

Topic: Approval of minutes of 4-26-13

Unanimously approved.

Topic: FY15 Long Range Financial Forecast

Town Administrator Mel Kleckner explained to the Committee that it has been complicated this year to prepare a financial forecast because of the uncertainty surrounding an override for FY15. While the Override Study Committee (OSC) is hard at work and plans to make the March 1st deadline for FY15 recommendations, they aren't far enough along in their work to get a sense of what they might ultimately recommend. He asked Deputy Town Administrator Sean Cronin to review the Town/School Partnership financial breakdown and summarize the presentation that is planned for the Board of Selectmen at their meeting tonight.

Deputy TA Cronin began by explaining the major assumptions used for FY15: \$1M increase in Ch. 70 Aid, health insurance rate increase of 5% (plus 40 new enrollees), a \$1M increase in pensions per the current funding schedule, 2% Collective Bargaining, and \$1.7M in "New Growth" in the Property Tax levy (above the regular 2.5% increase). He also expects Local Receipts to grow by \$650K. On the expenditure side, certain items are split 50% / 50% (changes in refuse costs, reserve fund appropriation, debt service, revenue-financed CIP, Non-Appropriated expenses) while increases in SPED Tuition (\$250K) is split 50% / 50%, Other SPED costs (\$250K) 25% Town / 75% School, and Enrollment growth (\$1M) 50% / 50%. He noted that the SPED and enrollment split results in the Town absorbing \$688K of the \$1.5M in growth. In addition, all benefits are allocated according to actual share (e.g., pensions 78% Town / 22% School). Other notable changes include a reduction of \$50K in the Payroll Division (savings split 50% / 50%) and a \$150K decrease in utilities.

Total expected revenue growth is \$6M. Fixed / Allocated costs increase \$3.2M. Based on the 50% / 50% split of revenue and the Town's / School's respective share of fixed / allocated costs, the increase in the School's appropriation for FY15 is \$3.1M (3.8%). He then explained that with the School's expected total budget growth of \$5.1M, they have a \$1.3M deficit. He explained that those figures do not either include the \$3.2M in "catch-up" costs presented to the OSC or the \$1.3M in Ed Tech costs also presented to the OSC.

TA Kleckner noted that the 5% rate increase for health insurance could be lower, as the final rates will not be known until the first week of March.

Deputy TA Cronin then reviewed a couple of the slides he plans on presenting to the Board of Selectmen this evening. He summarized the following:

- ▶ Enrollment growth in the Schools continue to put stress on the School budget.
- ▶ Exclusive of costs associated with enrollment growth, the Town budget is balanced and the Schools have a FY15 deficit of approx. \$750K (structural deficit).
 - ▶ SPED, Steps, and Collective Bargaining
 - ▶ Slightly less than the \$1M presented to the Override Study Committee on 11/13/13
- ▶ Including the "base" costs associated with enrollment growth (\$1M), the Schools have a FY15 deficit of approx. \$1.25M and the Town has a deficit of approx. \$200K.
 - ▶ Town/School Partnership formula has split the enrollment growth costs 50% / 50% each of the past two years; assume the same split is used for FY15 (\$500K absorbed by Town).
 - ▶ Figures do not take into account the School's projected FY14 surplus (\$400K).
 - ▶ If surplus materializes at end of FY14, additional FY15 capacity via use of reserves.
- ▶ As presented by the Schools to the Override Study Committee on 11/13/13, they stated that another \$3.2M is required to "catch-up" in areas they believe they have fallen behind in.
- ▶ The combination of the School's structural deficit + "base" enrollment growth (\$1.25M deficit) and the \$3.2M in "catch-up" is a \$4.45M School shortfall and \$200K Town shortfall.
- ▶ These figures do not account for any costs associated with the Ed Tech Plan presented to the Override Study Committee on 12/4/13 (\$1.3M 1st yr cost).

He continued by explaining that prior to the costs associated with enrollment growth, the School deficit is approx. \$745K and the Town budget has a small surplus. When "base" enrollment costs are included (\$1M, 50% of which is picked-up by the Town in the T/S Partnership), the School deficit grows to \$1.25M and the Town budget has a deficit of approx. \$200K. When the \$3.2M of "Catch-Up" costs the Schools reviewed with the OSC are included, the School deficit grows to \$4.45M. Lastly, when the \$1.3M of costs associated with the Ed Technology plan reviewed with the OSC are included, the School deficit increases to \$5.75M.

Committee members had a number of questions on the Ed Tech plan. Deputy Superintendent of Schools Peter Rowe outlined the plan for the Committee. Selectman Daly asked about the possibility of using the investment in technology to realize operational savings. Superintendent of Schools Bill Lupini explained that technology is viewed as a way to enhance the education offered students.

Committee members also had a number of questions on the “catch-up” costs. Superintendent Lupini explained how the schools have fallen behind in a number of areas including guidance counseling, nursing, and central admin support.

Selectman Daly asked if there is any way to fund the \$5.75M deficit without an Override. The answer was no. However, as TA Kleckner and Superintendent Lupini explained, the “catch-up” and ed tech costs will be reviewed and there is a possibility that an alternative plan could be developed (e.g., phasing-in some things).

Advisory Committee Len Weiss suggested that the Schools include both the “catch-up” costs and the ed tech costs in their budget proposal and call it the “educational excellence” budget since the Schools believe those cost items are necessary to continue to offer the kinds of educational programs the pupils of the Brookline Public Schools are accustomed to.

School Committee Chair Alan Morse explained to the Committee that members of the School Committee have discussed the realism of the question “how much will the community support?” He echoed Superintendent Lupini’s statement that phasing-in options are a possibility to help reduce the potential override figure.

Topic: FY15 – FY20 Preliminary Capital Improvement Program (CIP)

Deputy TA Cronin reviewed with the Committee a summary of the presentation he plans on presenting to the Board of Selectmen tonight:

- Balanced \$298.2M Six-Year CIP (FY15–FY20) follows CIP and Free Cash Policies.
- Supports the “expand-in-place” approach for additional classroom space as recommended by B-Space and endorsed by the School Committee:
 - Devotion School – a renovation/addition project that results in 1K+ student school
 - Driscoll School – a new project to add approx. 12 classrooms
 - BHS – funding for an addition
- Does so by:
 - recommending a Debt Exclusion Override for the Devotion School project, thereby freeing-up capacity for the Driscoll and BHS projects.
 - using \$1M of Overlay Surplus to fund the feasibility/schematic design phase of the Driscoll project.
 - assuming 35% of funding from the MSBA for each project.

- The OSC is in the process of reviewing the recommendations of B-Space. If the OSC determines that the expansion plan is not required or could be scaled back, a Debt Exclusion for Devotion would be revisited.
- Also, the Town will not be in a position to seek a Debt Exclusion until the Spring of 2015, so there is more time to study the issue.
- Approx. 30% of CIP paid for with outside funds, mostly MSBA and Ch. 90.
- Even with the pressures caused by enrollment growth, continued investment in the Town's parks/ playgrounds, infrastructure, IT, Fire apparatus, and Fire stations.

He also listed the major projects contained in the Preliminary CIP:

- Devotion School - \$58.5M of Town funding + \$31.5M of State funding (FY15)
- BHS - \$50.5M of Town funding + \$26.3M of State funding (FY17, FY19)
- Driscoll School - \$27.3M of Town funding + \$14.7M of State funding (FY15, FY17)
- Village Square - \$5.8M (FY16) - - all outside funding
- Larz Anderson - \$4.9M (FY19-20)
- Newton St. Landfill (Rear Landfill Closure) - \$4.6M (FY15)
- Fire Fleet Maintenance / Training Facility - \$4.2M (FY15, FY17)
- Classroom Capacity - \$2.3M (FY15-16)
- Fire Sta. Renovations - \$1.9M (FY15, FY17-20)
- Brookline Reservoir Park - \$1.9M (FY17-18)
- Educational Technology - \$1.7M (FY15-FY20)
- LED Streetlights - \$1.5M (FY15-FY17)
- Riverway Park Ped/Bike Path - \$1.5M (FY16) - - all outside funding
- Pierce Playground - \$1M (FY15-FY16)
- Golf Course - \$1M (FY16) -- enterprise fund

The Committee discussed the recommendation being made to fund the Devotion School project with a Debt Exclusion. TA Kleckner reiterated that this proposal is being made in the face of the B-Space "expand-in-place" recommendation, which carries a significant price tag. If it is ultimately determined that the expansion plan endorsed by the School Committee is not required or could be scaled back, a Debt Exclusion for Devotion would be revisited. Deputy TA further explained that the only way to finance the Devotion School and two projects new to the CIP (Driscoll and BHS) is to exclude the Devotion School project and use that freed-up capacity (\$54M) to finance the other projects. \$27M of that could go toward the Town's share of the Driscoll School project, leaving \$27M for the BHS project. He continued that the BHS project could get to a total \$75M project because of the rapid amortization of debt service in fiscal years 2021-2022. He, too, echoed the sentiment that there is a lot of time between now and when any decision needs to be made regarding putting the Devotion School project before the voters.

Topic: Update on the Override Study Committee (OSC)

Based on the conversations regarding the FY15 budget, Committee members expressed concern over the timeline the OSC is following (March 1st deadline). Town staff acknowledged concern over the March 1st deadline, but reminded Committee members that that was the date put in the official charge of the Committee as approved by both the

School Committee and the Board of Selectmen. There was a general consensus that having recommendations from the OSC on March 1st does not leave much time for the Board of Selectmen to consider putting the question to the voters on the May, 2014 ballot and for a credible public explanation campaign to be waged. Selectmen DeWitt and Daly suggested having the Board of Selectmen representative on the OSC (Selectman Dick Benka) update the Selectmen at their meeting tonight. Ideally, they would like the OSC to have a preliminary report presented to the Selectmen by mid-January.

The Committee adjourned at 12:45 p.m.